

C007020 Incoming
map - Confidential



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Green River District, Price Field Office
125 South 600 West
Price, UT 84501

<http://www.blm.gov/ut/st/en/fo/price.html>



OK

RECEIVED

JUN 08 2012

DIV. OF OIL, GAS & MINING

JUN 06 2012

IN REPLY REFER TO:
3482 (UTG023)
U-74804

CERTIFIED MAIL-RETURN RECEIPT REQUESTED
#7010-1870-0002-7016-7278

Richard Bourdeaux
Managing Director of Coal Sales & Engineering
Hidden Splendor Resources, Inc.
3266 South 125 West
Price, Utah 84501

Re: Noncompliance Mining Conducted on Federal Coal Lease No. U-74804

NOTICE OF NONCOMPLIANCE

The Bureau of Land Management (BLM) is issuing this notice of noncompliance to Hidden Splendor Resources, Inc. (HSR), Operator of the Horizon Mine, for failure to comply with the approved resource recovery and protection plan (R2P2) dated February 14, 2012. The regulations at 43CFR3480 Sec. 3481.1b state:

“The operator/ lessee shall conduct surface and underground coal mining operations involving development, production, resource recovery and protection, and preparation and handling of coal in accordance with the rules of this part, terms and conditions of the Federal leases or licenses, the approved resource recovery and protection plan, and any orders issued by the authorized officer.”

The February 14, 2012, R2P2 Plan provides for pulling pillars in the A North Mains and the A East Mains. During a BLM inspection on May 31, 2012, the mine was actively retreating pillars in the A West Mains, an area that has not been approved for retreat mining at this time in the approved R2P2.

File in:

C/

Date:

☒ Confidential

☐ Shelf

☐ Expandable

Refer to:

C/0070020 Incoming
Date: 06082012

Requirements to Correct the Mining Plan Noncompliance:

Within 30 days of the receipt of this letter, Hidden Splendor Resources, Inc. must:

- 1) Submit justification for pillar mining in the A West Mains which is not approved in the HSR current R2P2 Mine Plan sequence timing and explain how by mining this coal at this time, will not adversely affect the Maximum Economic Recovery of the recoverable reserve base such as blocking off access to reserves in the western portion of the mine.
- 2) Submit justification or explain why the authorized officer of the BLM was not properly notified seeking an R2P2 timing modification approval of the mine plan change prior to the mining of this coal.
- 3) Submit an R2P2 modification request clearly showing the proposed, revised mine plan for the entire mine, including timing and revised recoverable tonnage projection.
- 4) Any other evidence that Hidden Splendor Resources, Inc. may deem important to support the position of the actions taken by Hidden Splendor Resources, Inc. in the mining of this coal.

Compliance:

Failure to comply with this Notice of Noncompliance will result in an immediate order to provide the required information and any documentation to the BLM and Hidden Splendor Resources, Inc. will be subject to the provisions in 43 CFR 3486.3 including cessation of all operations upon notice by the authorized officer.

The BLM has issued three prior Notices of Noncompliance to Hidden Splendor Resources, Inc. for similar issues. Any future actions of noncompliance of the R2P2 from Hidden Splendor Resources, Inc. will likely result in increased bond amounts to cover additional liabilities under the federal coal lease.

Appeal Rights:

You have 30 calendar days from the receipt of this notice to abate the noncompliance. Following the abatement period, Hidden Splendor Resources, Inc. has 30 calendar days to appeal to the Board of Land Appeals, Office of the Secretary, in accordance with the regulation at 43 CFR Part 4 and the enclosed Form 1842-1. If an appeal is taken, your notice of appeal must be filed in this office (at the above address) within 30 calendar days from receipt of this notice. The appellant has the burden of showing that the decision appealed from is in error.

If you wish to file a petition pursuant to regulation 43 CFR 4.21 (58 FR 4939, January 19, 1993) for a stay of the effectiveness of this notice during the time that your appeal is being reviewed by the Board, the petition for a stay must accompany your notice of appeal. A petition for a stay is required to show sufficient justification based on the standards listed below. Copies of the notice

of appeal and the petition for a stay must also be submitted to the Office of the Solicitor (see 43 CFR 4.413) at the same time the original documents are filed with this office. If you request a stay, you have the burden of proof to demonstrate that a stay should be granted.

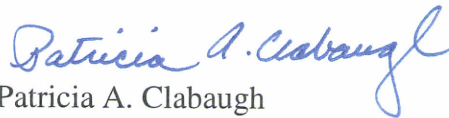
Standards for Obtaining a Stay

Except as otherwise provided by law or other pertinent regulation, a petition for a stay of a decision pending appeal shall show sufficient justification based on the following standards:

1. The relative harm to the parties if a stay is granted or denied;
2. The likelihood of the appellant's success on the merits;
3. The likelihood of the immediate and irreparable harm if the stay is not granted, and;
4. Whether the public interest favors granting the stay.

If you have any questions, feel free to contact Vaughn Hughes at (435) 636-3626.

Sincerely,



Patricia A. Clabaugh
Field Manager

Enclosures:

Approved R2P2 map dated February 14, 2012
Form 1842-1

cc: Sydel Yeager/Engineering
Hidden Splendor Resources, Inc.
3266 South 125 West
Price, Utah 84501

Office of Natural Resources Revenue
Attention: Lee-Ann Martin
Manager, Reporting & Solid Minerals Services
P.O. Box 25165
Denver, CO 80225-0165

Utah Division of Oil Gas and Mining
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114-5801

Mine Safety and Health Administration
P. O. Box 25367
Denver, Colorado 80225-0376

Mine Safety Health Administration
Price Field Office
45 East 1375 South
Price, UT 84501

William Stringer, BLM District Manager (GRDO)

BLM State Office UT-923

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

INFORMATION ON TAKING APPEALS TO THE INTERIOR BOARD OF LAND APPEALS

DO NOT APPEAL UNLESS

1. This decision is adverse to you,
AND
2. You believe it is incorrect

IF YOU APPEAL, THE FOLLOWING PROCEDURES MUST BE FOLLOWED

- | | |
|-----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. NOTICE OF APPEAL..... | A person who wishes to appeal to the Interior Board of Land Appeals must file in the office of the officer who made the decision (not the Interior Board of Land Appeals) a notice that he wishes to appeal. A person served with the decision being appealed must transmit the <i>Notice of Appeal</i> in time for it to be filed in the office where it is required to be filed within 30 days after the date of service. If a decision is published in the FEDERAL REGISTER, a person not served with the decision must transmit a <i>Notice of Appeal</i> in time for it to be filed within 30 days after the date of publication (43 CFR 4.411 and 4.413). |
| 2. WHERE TO FILE | BUREAU OF LAND MANAGEMENT
GREEN RIVER DISTRICT, PRICE FIELD OFFICE |
| NOTICE OF APPEAL..... | 125 SOUTH 600 WEST
PRICE, UTAH 84501 |
| WITH COPY TO SOLICITOR... | DEPARTMENT OF THE INTERIOR
OFC OF THE REGIONAL SOLICITOR
6201 FEDERAL BUILDING - 125 SOUTH STATE STREET
SALT LAKE CITY, UTAH 84138-1180 |
| 3. STATEMENT OF REASONS | Within 30 days after filing the <i>Notice of Appeal</i> , file a complete statement of the reasons why you are appealing. This must be filed with the United States Department of the Interior, Office of Hearings and Appeals, Interior Board of Land Appeals, 801 N. Quincy Street, MS 300-QC, Arlington, Virginia 22203. If you fully stated your reasons for appealing when filing the <i>Notice of Appeal</i> , no additional statement is necessary (43 CFR 4.412 and 4.413). |
| WITH COPY TO SOLICITOR..... | DEPARTMENT OF THE INTERIOR
OFC OF THE REGIONAL SOLICITOR
6201 FEDERAL BUILDING - 125 SOUTH STATE STREET
SALT LAKE CITY, UTAH 84138-1180 |
| 4. ADVERSE PARTIES..... | Within 15 days after each document is filed, each adverse party named in the decision and the Regional Solicitor or Field Solicitor having jurisdiction over the State in which the appeal arose must be served with a copy of: (a) the <i>Notice of Appeal</i> , (b) the Statement of Reasons, and (c) any other documents filed (43 CFR 4.413). |
| 5. PROOF OF SERVICE..... | Within 15 days after any document is served on an adverse party, file proof of that service with the United States Department of the Interior, Office of Hearings and Appeals, Interior Board of Land Appeals, 801 N. Quincy Street, MS 300-QC, Arlington, Virginia 22203. This may consist of a certified or registered mail "Return Receipt Card" signed by the adverse party (43 CFR 4.401(c)). |
| 6. REQUEST FOR STAY..... | <p>Except where program-specific regulations place this decision in full force and effect or provide for an automatic stay, the decision becomes effective upon the expiration of the time allowed for filing an appeal unless a petition for a stay is timely filed together with a <i>Notice of Appeal</i> (43 CFR 4.21). If you wish to file a petition for a stay of the effectiveness of this decision during the time that your appeal is being reviewed by the Interior Board of Land Appeals, the petition for a stay must accompany your <i>Notice of Appeal</i> (43 CFR 4.21 or 43 CFR 2801.10 or 43 CFR 2881.10). A petition for a stay is required to show sufficient justification based on the standards listed below. Copies of the <i>Notice of Appeal</i> and Petition for a Stay must also be submitted to each party named in this decision and to the Interior Board of Land Appeals and to the appropriate Office of the Solicitor (43 CFR 4.413) at the same time the original documents are filed with this office. If you request a stay, you have the burden of proof to demonstrate that a stay should be granted.</p> <p>Standards for Obtaining a Stay. Except as otherwise provided by law or other pertinent regulations, a petition for a stay of a decision pending appeal shall show sufficient justification based on the following standards: (1) the relative harm to the parties if the stay is granted or denied, (2) the likelihood of the appellant's success on the merits, (3) the likelihood of immediate and irreparable harm if the stay is not granted, and (4) whether the public interest favors granting the stay.</p> |

Unless these procedures are followed, your appeal will be subject to dismissal (43 CFR 4.402). Be certain that all communications are identified by serial number of the case being appealed.

NOTE: A document is not filed until it is actually received in the proper office (43 CFR 4.401(a)). See 43 CFR Part 4, Subpart B for general rules relating to procedures and practice involving appeals.